

Message Text

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PAGE 01 MANILA 01796 101219Z

50

ACTION EA-10

INFO OCT-01 AF-06 ARA-06 ISO-00 CIAE-00 DODE-00 INR-07

NSAE-00 PA-01 USIA-06 PRS-01 SP-02 AID-05 EB-07

NSC-05 CIEP-01 TRSE-00 SS-15 STR-01 OMB-01 CEA-01

COME-00 FRB-03 XMB-02 OPIC-03 LAB-04 SIL-01 INT-05

GSA-01 L-02 H-01 /098 W

----- 092300

R 101026Z FEB 75

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 503

INFO AMEMBASSY TOKYO

AMEMBASSY SANTIAGO

AMEMBASSY LUSAKA

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E.O. 11652: N/A

TAGS: EMIN, JA, RP

SUBJECT: GOJ REBUFFS GOP BID FOR DIRECT MINISTERIAL TALKS ON COPPER

REF: MANILA 1114

SUMMARY. GOJ HAS REBUFFED PHILIPPINE DESIRE FOR DIRECT TALKS ON MINISTERIAL LEVEL, REGARDING JAPANESE CUTBACKS OF COPPER CONCENTRATE IMPORTS, PREFERRING TO USE NORMAL DIPLOMATIC OR QUOTE OTHER APPROPRIATE CHANNEL. UNQUOTE. JAPANESE AMBASSADOR'S AIDE-MEMOIRE EXPLAINING ABOVE RESPONSE WAS RELEASED TO PRESS WHICH QUOTED LIBERALLY FROM IT FOR JAPANESE EXPLANATION THAT CURRENT RECESSION WAS RESPONSIBLE FOR IMPORT CUTBACKS. FLURRY OF MEETINGS NOW ENSUING BUT PHILIPPINE COMPANIES HAVE LITTLE EXPECTATION OF ANY SPEEDY OR DEFINITIVE RESOLUTION UNTIL PERHAPS APRIL WHEN JAPANESE WAGE NEGOTIATIONS IN SMELTING INDUSTRY ARE COMPLETED. END SUMMARY.

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PAGE 02 MANILA 01796 101219Z

1. JAPANESE GOVERNMENT HAS REBUFFED A PHILIPPINE PRO-

POSAL, MADE PUBLIC TWO WEEKS AGO BY PRESIDENT MARCOS HIMSELF, FOR DIRECT MINISTERIAL TALKS ON JAPANESE CUTBACKS OF COPPER CONCENTRATE IMPORTS FROM THE PHILIPPINES. THE GOP REPLY WAS DELIVERED BY JAPANESE AMBASSADOR MASAO SAWAKI TO FOREIGN SECRETARY CARLOS P. ROMULO WHO PROMPTLY RELEASED THE AIDE-MEMOIRE TO THE PRESS.

2. ACCORDING TO PRESS REPORTS, CONFIRMED AS CORRECT BY AMB SAWAKI, THE AIDE-MEMOIRE STATED THAT WHILE JAPAN WISHES THE PHILIPPINES TO HAVE A FULL UNDERSTANDING OF THE REASONS FOR THE CUTBACKS, QUOTE WE WOULD LIKE TO ACHIEVE THE PURPOSE THROUGH NORMAL DIPLOMATIC OR OTHER APPROPRIATE CHANNEL RATHER THAN THROUGH DIRECT DISCUSSIONS AT MINISTERIAL LEVEL AT THIS TIME. UNQUOTE AMBASSADOR SAWAKI WAS REPLYING TO A PHILIPPINE NOTE PROTESTING THE 15 PERCENT CUTBACK ON COPPER CONCENTRATE IMPORTS AS CONSTITUTING A VIOLATION OF EXISTING CONTRACTS.

3. PRESS QUOTED LIBERALLY AND DIRECTLY FROM THE JAPANESE AIDE-MEMOIRE WHICH SOUGHT TO EXPLAIN THAT THE CUTBACK IN IMPORTS WAS THE RESULT OF RECESSION IN JAPAN AND THAT THE COPPER SMELTING INDUSTRY WAS NOT FIGHTING FOR SURVIVAL. THE GOP HAD ALREADY SUSPENDED THE EXPORT OF SMELTED COPPER IN THE INTEREST OF INTERNATIONAL COOPERATION BUT IS NOT IN A POSITION TO REGULATE IMPORTS.

4. COMMENT: DFA ACTION, WIDELY ATTRIBUTED TO SECRETARY ROMULO, TO HAVE AIDE-MEMOIRE PUBLICIZED WAS UNUSUAL BUT NOT UNEXPECTED BY THE JAPANESE, AND REPRESENTED PHILIPPINE DISAPPOINTMENT WITH JAPANESE RESPONSE ON PROBLEM WHICH ASSUMES GREATER IMPORTANCE AS PRICES AND DEMAND FOR PHILIPPINE COMMODITIES CONTINUE TO SOFTEN. PRESS ACCOUNT, HOWEVER, WERE APPARENTLY STRAIGHT REPORTORIAL, AND EXTENSIVE QUOTING OF JAPANESE AIDE-MEMOIRE HAD EFFECT OF PUTTING JAPANESE SIDE OF STORY IN PUBLIC VIEW.

5. IN MEANTIME, PRODUCERS HAVE BEEN MEETING AMONG THEMSELVES AND WITH GOP OFFICIALS, INCLUDING BREAKFAST MEETING WITH SECRETARY ROMULO ON FEB 7. INDEED, DFA SEEMS TO BE PLAYING MAJOR GOP ROLE IN MATTER. SEVERAL PHILIPPINE MINING LIMITED OFFICIAL USE

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PAGE 03 MANILA 01796 101219Z

COMPANIES HAVE VOLUNTEERED CUTBACKS, AND ONE -- PHILEX -- HAS INSTITUTED 15 PERCENT CUT FOR NEXT TWO MONTHS. PRODUCERS APPEAR TO BE OF OPINION THAT JAPANESE COMPANIES ARE USING PHILIPPINE DEVELOPMENT IN HOLDING DOWN WAGE INCREASES FOR THEIR WORK FORCE WHICH ARE DUE TO BE NEGOTIATED IN APRIL. THEY EXPECT A BREAKTHROUGH AFTER THAT HURDLE MET. SULLIVAN

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Margaret P. Grafeld
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